

Message Text

LIMITED OFFICIAL USE

PAGE 01 LA PAZ 07755 262142Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 EB-07 COME-00 AGR-05 SWF-01

AID-05 IGA-01 L-02 HEW-02 OES-03 FMC-01 SP-02 SSO-00

NSCE-00 INRE-00 USIE-00 CIAE-00 DODE-00 INR-05 NSAE-00

PA-01 RSC-01 PRS-01 SS-15 NSC-05 /068 W

----- 123280

O R 262033Z NOV 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 4913

INFO AMEMBASSY LIMA

LIMITED OFFICIAL USE LA PAZ 7755

LIMA FOR FERREE

E.O. 11652: N/A

TAGS: BDIS, EWWT, ETRD, BL

SUBJ: TRADE DISPUTE OVER FLOUR SHIPMENT

REF: A) LA PAZ 7221 B) LA PAZ 7512: COTTER/WHITING TELCON

SUMMARY. DISPUTE BETWEEN GOB, U.S. MILLING COMPANY AND SHIPPER NOW APPEARS TO BE MOVING INTO U.S. COURTS UNLESS PARTIES TAKE DECISIVE ACTION IN NEXT FEW DAYS. U.S. GOVT. HAS BEEN ASKED BY NEW MINISTER INDUSTRY AND COMMERCE TO BRING THREE PARTIES TOGETHER FOR SOLUTION THAT MIGHT INCLUDE SALE OF FLOUR NOW ON SHIP IN MOBILE TO COVER COSTS.

1. BOLIVIAN EMBASSY, WASHINGTON HAS SENT MINISTER IND/COM GONZALEZ CABLE REPORTING ON PRESENT STATUS FLOUR DISPUTE. EMBASSY STATES STEVENSON LINES HAS STARTED LEGAL ACTION TO HAVE FLOUR AUCTIONED OFF DEC. 2 TO PAY \$212,067.50 OF DEMURRAGE CHARGES WHICH HAVE ACCUMULATED UP TO NOV 21. ADM ALSO THREATENING LEGAL ACTION TO OBTAIN PAYMENT OF BLOCKED LETTER OF CREDIT. CABLE STATES THAT ADM HAS OFFERED TO PAY GOB \$60,000 FOR FUMIGATING AND SIFTING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LA PAZ 07755 262142Z

FLOUR SO THAT NEDON MATTER CAN BE CONCLUDED WITHOUT FURTHER ADM

RESPONSIBILITY. UNDER THIS ARRANGMENT FLOUR WOULD BE DELIVERED TO ARICA AS ARIZONA AND SOUTHWALL SHIPMENTS WERE. CABLE ALSO OFFERS POSSIBILITY THAT PROBLEMS WITH STEVENSON MIGHT BE RESOLVED BY GOB MAKING COMMITMENT FOR FUTURE SHIPPING CONTRACTS.

2. GOB INCREASINGLY RELUCTANT TO ACCEPT FLOUR FOR WHICH IT STILL DOES NOT HAVE FIRM EVIDENCE OF SUITABILITY FOR HUMAN CONSUMPTION. GOB HAS NOT YET RECEIVED SAMPLE TESTS INDICATING STATE OF FLOUR OFF-LOADED FROM ARIZONA AND SOUTHWALL AFTER TREATMENT OFFICIALS CLAIM THAT DUE TO ADVERSE LOCAL PUBLICITY, BOLIVIAN DEALERS RELUCTANT ACCEPT FLOUR ALREADY LANDED AND WILL BE EVEN MORE RELUCTANT TO ACCEPT NEDON CARGO. FROM COTTER-WHITING TELECON, EMBASSY UNDERSTOOD THAT USDA WAS RUNNING TESTS ON NEDON FLOUR. ACTION REQUESTED: PLEASE SEND TEST RESULTS ASAP.

3. MINISTRY OFFICIALS FEEL GOB HAS STRONG CASE SINCE LETTER OF CREDIT FOR NEDON CARGO BLOCKED BECAUSE STEVENSON LINES CANNOT ISSUE CLEAN BILL OF LADING FOR CONTAMINATED CARGO AND ADM HAS NOT RECEIVED ANY NEDON BILL OF LADING PART OF THEIR ARGUMENT RESTS ON ASSUMPTION THAT NORMAL COMMERCIAL PRACTICE AND REFERENCES IN PURCHASE CONTRACT TO U.S. FOOD, DRUG AND COSMETICS ACT AND LOCAL STATE PURE FOOD ACTS GIVE GOB PROTECTION THAT IT CONTRACTED FOR UNCONTAMINATED FLOUR SUITABLE FOR HUMAN CONSUMPTION. ACTION REQUESTED: PLEASE REPLY TO QUESTIONS REFTEL B

4. MINISTER GONZALES CALLED IN EMBOFFS NOV 26 AND ASKED U.S. GOVT. INTERVENE TO WORK OUT AGREEMENT WITH ADM AND STEVENSON FOR NEGOTIATED SALE OF FLOUR AT CURRENTLY HIGHER WORLD FLOUR PRICES. HOPE IS THAT SALE MIGHT COVER ORIGINAL PURCHASE PRICE PLUS STEVENSON'S COSTS. THIS PROPOSAL WAS ORIGINALLY MADE BY STEVENSON IN CABLE TO EMBASSY WHICH, AS REPORTED REFTEL A, EMBASSY DISCUSSED WITH MINISTRY. ACTION REQUESTED: ARA/BC CONTACT GOB EMBASSY AND SUGGEST STATE AND EMBASSY APPROACH ADM AND STEVENSON PROPOSING SALE OF FLOUR IN MOBILE AS MEANS OF MEETING ALL DEMANDS BY ALL PARTIES. (WOULD HOPE PRICE STILL \$2 PER BAG HIGHER THAN ORIGINAL SALE PRICE.)

5. COMMENT: LONG LEGAL HASSLE OF NEDON FLOUR PROBABLE WITH CONTINUING IRRITATION TO U.S. - GOB RELATIONS UNLESS ALL CONCERNED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LA PAZ 07755 262142Z

PARTIES TAKE IMMEDIATE STEPS TO REACH AMICABLE AGREEMENT. DISPUTE ALREADY DAMAGING ACCEPTABILITY OF U.S. FLOUR IN EYES OF MINISTRY OFFICIALS AND HARMFUL TO U.S. COMMERCIAL REPUTATION. WHILE EXPRESSING REGRET, ONE OFFICIAL SAID THAT TO ESTABLISH PRINCIPLE, LENGTHY AND COSTLY LEGAL CASE PREFERABLE TO BEING MADE TO ACCEPT "GARBAGE," I.E., CONTAMINATED FLOUR. STEDMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FLOUR, TRADE COMPLAINTS, COURTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LAPAZ07755
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740343-0363
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741112/aaaaajwa.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) LA PAZ 7221 B) LA PAZ 7512: COTTE, R/WHITING TELCON
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <19-Nov-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE DISPUTE OVER FLOUR SHIPMENT
TAGS: BDIS, EWWT, ETRD, BL, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005